

Social Welfare: Converting Employment & Income Assistance to Liveable Basic Needs

Inadequacies of EIA

Employment and Income Assistance (EIA) as it currently does not meet the basic needs of the households who rely on it. This is true of all family types, and especially for single individuals. In 2019, after the provincial government cut the Job Seekers allowance, single person households on EIA are left with only \$195 per month to cover their basic needs aside from rent (which is either covered through Rent Assist or, in the case of households in social housing, is subsidized outside of EIA).

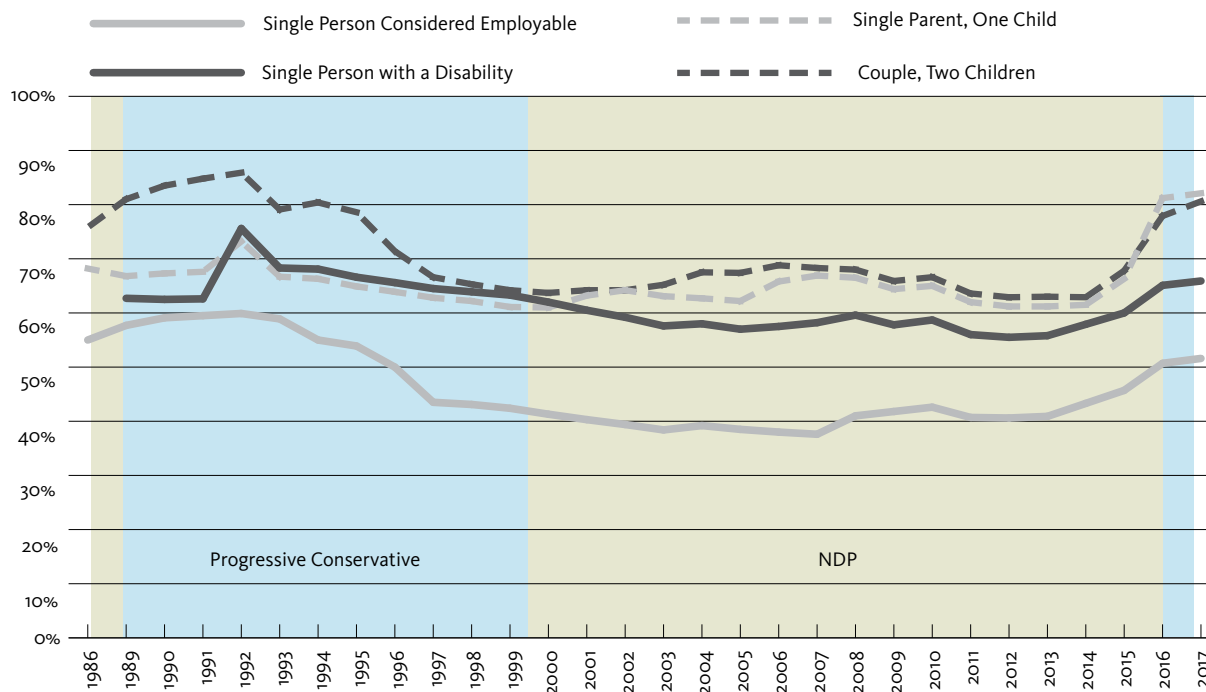
For example, based on the national standard, a nutritious food basket, being the cost of a healthy diet for a single individual in Winnipeg, comes to \$315 per month.¹ Food costs for those with dietary restrictions or with cultural food requirements may be even higher, as are costs for those living outside urban centres. EIA levels are so low that they force families to rely on food banks and charity simply to survive.

However, the basic needs amount covered by EIA is not only meant to pay for food. Individuals must stretch their monthly \$195 to cover transportation, communication, clothing, personal hygiene products, recreation, and all the other essential costs and bills that are part of daily life.

The graph on the next page shows total incomes of EIA recipients in Manitoba for years 1986 to 2017. Total incomes include federal child benefits, GST rebates, provincial EIA and other recurring additional transfer payments. The table includes Rent Assist, introduced in 2015. It shows that incomes for all family types on EIA have long been below the Market Basket Measure of poverty. Both the provincial and federal governments use Market Basket Measure as an official poverty line, however, it is best understood as a measure of material deprivation. It represents the cost of a basket of goods and services seen as essential to a basic quality of life in Canada.

Inadequate EIA has been continuous for all family types throughout the period, including when both NDP and Progressive Conservative governments have held power. However, there have been notable trends, in particular a steep drop in EIA total incomes during the 1990s and significant increase in relative levels after 2013 with the introduction of Rent Assist and the Canada Child Benefit. Single individuals on General Assistance have always had the most inadequate incomes, at just over 50 per cent of the MBM level in 2017. For every dollar in basic needs, individuals on EIA are 50 cents short in Manitoba.

FIGURE 1 Adequacy of total EIA incomes as percentage of MBM Manitoba, 1986 to 2017



SOURCE: Calculations based on Maytree. 2019. *Welfare in Canada, 2017. (Manitoba)*. <https://maytree.com/welfare-in-canada/manitoba/>

People with Disabilities

People living with disabilities “are about twice as likely to live with low income”.² They have an employment rate for those who are working age (25–64 years old) of 59 per cent in comparison to 80 per cent for those without disabilities.³ The disability community comprises 35 per cent⁴ of the employment and income assistance caseload and makes up 14 per cent of the Manitoba population at approximately 170,000 people.⁵ People with disabilities are also severely economically disadvantaged, generally at 60–70 per cent of the poverty line. People living with disabilities often struggle to survive on a day-to-day basis due to low incomes and the lack of social supports. A significant proportion of the employment income assistance caseload is comprised of people living with disabilities who rely on EIA as a means of survival.

Punitive Claw Backs

In addition to inadequate benefits, the EIA system poses powerful barriers to those who wish

to get off of EIA. After the first \$200 earned, EIA is clawed back at rate of 70 per cent. Moreover, EIA benefits are withdrawn completely after a recipient earns 135 per cent of their basic needs amount. For many people receiving EIA, a pure cost calculation determines that they are better off not seeking employment under the current system. Because several other benefits, including health and dental benefits are tied to participation the EIA program, many cannot afford to leave. At the same time, EIA is enforcing increasingly restrictive bureaucratic and job search requirements. However, without proper job-search supports, many EIA recipients simply end up dropping off several dozen resumes each month as is required to meet requirements. This will do little to get people off of EIA.

In addition, EIA rules are inefficient and decisions are often discretionary, leading to recipients being unfairly denied benefits they are entitled to.

TABLE 1 Liveable Basic Needs Benefit by Family Type and Income Level

Family Type		Monthly Market Income		
		\$0	\$1,000	\$2,000
Single individual considered employable	Basic Social Assistance (BSA)	\$195	\$0	\$0
	Rent Assist	\$576	\$276	\$0
	Federal GST rebate	\$24	\$28	\$37
	Canada Workers Benefit	\$0	\$113	\$1
	Subtotal (current total income)	\$795	\$1,417	\$2,038
	MBM		\$1,535	
	75% MBM	-	\$1,151	-
	Proposed LBNB (replacing Basic Social Assistance)	\$551	\$251	\$0
	Increase in Benefits to recipient (LBNB – BSA)	\$356	\$251	\$0
	Total New LBNB	\$1,151	\$1,668	\$2,038
Single person with a disability	Basic Social Assistance	\$331	\$0	\$0
	Rent Assist	\$603	\$303	\$3
	Federal GST	\$24	\$28	\$37
	Canada Workers Benefit	\$0	\$113	\$1
	Federal Disability amount	\$0	\$58	\$58
	Subtotal (current total income)	\$958	\$1,502	\$2,099
	MBM		\$1,535	
	75% MBM	-	\$1,151	-
	Proposed LBNB (replacing Basic Social Assistance)	\$551	\$251	\$0
	Increase in Benefits to recipient (LBNB – BSA)	\$220	\$251	\$0
Total New LBNB	\$1,178	\$1,753	\$2,099	
Single parent, one child	Basic Social Assistance	\$416	\$0	\$0
	Rent Assist	\$862	\$562	\$262
	Manitoba Child Benefit	\$0	\$35	\$0
	Federal GST credit	\$61	\$61	\$61
	Canada Workers Benefit	\$0	\$195	\$125
	Canada Child Benefit	\$553	\$553	\$553
	Subtotal (Current total income)	\$1,892	\$2,406	\$3,062
	MBM		\$2,170	
	75% MBM	-	\$1,628	-
	Proposed LBNB (replacing Basic Social Assistance)	\$416	\$116	\$0
Increase in Benefits to recipient (LBNB – BSA)	\$0	\$116	\$0	
Total New LBNB	\$1,892	\$2,522	\$3,062	

Continued next page.

TABLE 1 Liveable Basic Needs Benefit by Family Type and Income Level (con't)

Family Type		Monthly Market Income		
		\$0	\$1,000	\$2,000
Couple, two children	Basic Social Assistance	\$700	\$0	\$0
	Rent Assist	\$862	\$562	\$262
	Manitoba Child Benefit	\$0	\$70	\$0
	Federal GST credit	\$74	\$74	\$74
	Canada Workers Benefit	\$0	\$195	\$125
	Canada Child Benefit	\$934	\$934	\$934
	Subtotal (current total income)	\$2,570	\$2,835	\$3,395
	MBM		\$3,069	
	75% MBM	-	\$2,302	-
	Proposed LBNB (replacing Basic Social Assistance)	\$700	\$400	\$100
	Increase in Benefits to recipient (LBNB – BSA)	\$0	\$400	\$0
	Total	\$2,570	\$3,235	\$3,495

NOTES:

- Federal Benefits calculated from: CRA website: https://apps.cra-arc.gc.ca/ebci/icbc/prot/ntr?request_locale=en_CA&A37:A40A37:A41A39A37:A39A37:A40A37:A39
- Rent Assist Levels calculated from: Online Rent Assist Estimator: <https://www.gov.mb.ca/fs/eia/estimator.html>
- Existing Basic Social Assistance derived from Manitoba Assistance Regulation https://web2.gov.mb.ca/laws/regs/current/_pdf-regs.php?reg=404/88%20R and follows methodology developed in Maytree Welfare in Canada Report <https://maytree.com/welfare-in-canada/manitoba/>

Liveable Basic Needs Benefit

In recognition of the inadequacy and punitive nature of Manitoba EIA system, Make Poverty History Manitoba has advocated for replacing the basic needs portion of EIA with a new Liveable Basic Needs Benefit (LBNB) that would be available for all low-income households, including those currently receiving EIA as well as low-income households not receiving EIA. The LBNB would be a financial benefit that provides sufficient resources to allow all households in Manitoba to meet their basic needs. In combination with Rent Assist and federal financial benefits such as the Canada Child Benefit, it would raise incomes of all households in Manitoba to at least Canada’s official poverty line, which is based on the Market Basket Measure. It would provide a floor to allow every Manitoban to meet her or his basic needs.

Please see the APB Poverty Paper for the guiding principles of the LBNB, the role of the feder-

al government and the importance of matching this benefit with on reserve income assistance.

Design of LBNB

The LBNB would be set at a level such that the maximum benefit received would be equivalent to 75 per cent of the poverty line minus financial benefits received through other universal benefit programs delivered by the federal and provincial governments. Specifically, the Canada Child Benefits, GST rebates, the federal Disability amount, the Canada Workers Benefit, the Manitoba Child Benefit and Rent Assist would all be used in calculating maximum benefit levels. The formula for calculating maximum benefits can be described as:

$$\text{LBNB (max)} =$$

$$0.75 \text{ MBM} - (\text{Rent Assist} + \text{Federal Benefits})$$

A similar methodology has been used in Manitoba Provincial Budget Papers and on the EIA website (<https://www.gov.mb.ca/fs/eia/>) and also by the Maytree Welfare in Canada reports for deter-

mining total welfare incomes. In the initial implementation of the LBNB, the maximum amount would be set to 75 per cent of Canada's poverty line. We are proposing to gradually reduce benefits as recipients earn more wage income, until the wage income replaces the LBNB. The benefit will be reduced by 30 cents for every dollar earned.

Table 1 provides an indication of how a LBNB would affect households of different family types and at different levels of market income. The LBNB replaces the basic needs benefit from EIA. To pay for this, we use general revenue and tax increases on top income earners (see Fiscal Framework chapter).

Impact of the LBNB

The LBNB brings up incomes substantially. A single person considered employable would receive \$356 more per month and if they earned \$1,000 per month this would be topped up by \$251 per month.

A person with a disability would receive \$220 more per month and if they earned \$1,000 they would receive \$251 per month. Parents with children would also receive more per month if they worked for pay — if they earned \$1,000 per month single parents would be topped up to \$112 per month and couple parents \$400 per month. This creates incentives for all household types to seek available employment. This along with a higher minimum wage will enable those able and interested in working to transition to the workforce.

The LBNB brings down poverty rates substantially, cutting the percentage of Manitobans below the LICO — AT level of poverty from 10 per cent to 5.8 per cent. The number of single parents will be cut in half from 34.1 per cent to 15 per cent. The rate of adult couples in poverty will be almost cut in half. The rate of two parent couples and single couples will be reduced by a third.

Threshold Cut Off for Benefit

Our model bases eligibility for the benefit on family size, type and income. For example, the eligibility cut off for a single person household would

be an annual income of \$22,400 after tax. For a household of four the eligibility cut off would be \$28,800 after tax. In the future, the end goal of this program is to increase the LBNB to a level equivalent to 100% MBM with federal support.

Caveat: this model is a work in progress based on the information we have available to us. Taxes on market income should be considered so that the total rate of after-tax income is set at the appropriate amount.

Supporting Transition to Work & Eliminating the Welfare Wall

The LBNB breaks down the “Welfare Wall”, which is defined as barriers and disincentives to seeking paid work or employment. Anyone, working or not, should have the resources to live decently. But everyone should also be able to choose to work so they can enjoy financial and social inclusion.

The number of people receiving income assistance in Canada is highly correlated with the employment rate. In times of economic growth, there are fewer people on assistance and in times of downturn there are more. Government has a responsibility to create a comprehensive safety net in bust and boom cycles. Income supports are reliant on minimum wage policy, health benefit programs, and free or low-cost training and education programs so that those who wish to leave undesirable low-wage market employment to improve their labour market status are free to do so.

It is important that the benefit improve quality of life and still create incentives to work for pay. A single individual would have to work 8.9 hours/ week at \$15/ hour to get to the MBM poverty line. For a person with disability, it would be 7.9 hours/ week at \$15/ hour to get them to the MBM poverty line.

Employment and Income assistance health benefits should be extended to people with disabilities who transition from EIA to Canada Pension Plan, Canada Pension Plan-disability and Old Age Security.

People currently receiving EIA receive health benefits (basic dental, vision care, pharmacare de-

ductible paid etc.). These end if they leave EIA. The health benefit can be extended for two years if participants are in the EIA Rewarding Work program. While some jobs provide similar benefits, many low-paying and entry-level jobs do not. The Alternative Provincial Budget extends health benefits to twice as many Manitobans than the status quo.

When fully implemented, anyone eligible for any level of support from the Basic Livable Needs Benefit will have access to extended health benefits provided by the government. The provincial Rewarding Work program was created to enable EIA recipients to continue to receive benefits upon transition to paid work. As a first step, the Alternative Provincial Budget doubles the Rewarding Work program from 1,380 individuals to 2,800 in one year.

Some reforms carry little cost. Complex definitions and other reporting and monitoring burdens are inefficient and make it difficult for people to manage their incomes. For example, monthly reporting and reconciliation creates an administrative burden for both recipients and the government. Recipients who are late with their paperwork face payment delays or fines. Reducing the reporting burden to once every six months, with benefits based on the previous period, would reduce the burden without creating the risk of overpayment. Recipients whose circumstances

improve between reporting periods would not have to “pay back” benefits already received, while those whose circumstances worsen can retain the option of reporting the changes and having their payments adjusted immediately.⁶

People with disabilities must prove eligibility on a regular basis, placing onerous expectations on individuals and requiring time from the health system and doctors to complete required paperwork to prove eligibility. The APB will work with the disability community to update the process for accessing disability supports to be less onerous and expensive for the health care system to administer.

A small and relatively costless change would involve greater use of digital services to make access simpler. Similarly, complicated definitions, regulations and requirements should all be re-examined and eliminated unless they contribute to the larger goals of improving quality of life and helping people transition into work if they so choose.

Total Expenditure Increase

Cost to increasing the number of people in Rewarding Work from 1,380 to 2,800—\$2.6M

Cost of implementing the Liveable Basic Needs Benefit: \$1,029M

Total: \$1,031.6M

¹ Based on the cost of the 2011 Nutritious Food Basket (Winnipeg average) multiplied by the change in Statistics Canada consumer price index for food purchased in stores (Manitoba). Colleen Rand et al. 2012. “The cost of eating according to the ‘nutritious food basket’ in Manitoba (May 2011)”: http://www.wrha.mb.ca/extranet/nutrition/files/Professionals_Reports_FoodBasketReport.pdf; Statistics Canada. Table 18-10-0004-13, *Consumer Price Index by product group, monthly, percentage change, not seasonally adjusted, Canada, provinces, Whitehorse, Yellowknife and Iqaluit*.

² Prince M, & Petters Y., (2014). *Disabilities Poverty, Enabling Citizenship* Retrieved from the Council of Canadians with Disabilities: http://dpec.ccdonline.ca/links/pdf/dpec_book_v02.pdf

³ Morris S, Fawcett, G., Brisebois, L., & Hughes L. (2018) *Canadian Survey on Disability 2017. A demographic, employment and income profile of Canadians with disabilities aged 15 years and over, 2017*. Retrieved from Statistics Canada <https://www150.statcan.gc.ca/n1/pub/89-654-x/89-654-x2018002-eng.htm>

⁴ Manitoba (2018) Department of families 2017/18 annual report. https://www.gov.mb.ca/fs/about/pubs/fsar_2017-18.pdf retrieved on August 10, 2019,

⁵ Barrier Free Manitoba. *Disabilities in Manitoba* Retrieved from <http://www.barrierfreemb.com/disabilitiesinmb>

⁶ This is currently the case with some federal benefits based on income during the previous year, such as GIS and CWB. Similarly, the CCB can be paid within 6 weeks of the birth of a child.